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ABSTRACT

Information of interest to Spanish speaking people on revenue sharing was presented in this booklet. Major topics were the utilization of General Revenue Sharing Funds, fund distribution, community action, reports on planned and actual use of funds, assurances to the Secretary of the Treasury, and civil rights provisions. Additional information on these topics was presented in the appendix. It was noted that in order to create more awareness, the Cabinet Committee on Opportunities for Spanish Speaking People was instrumental in the adoption of a regulation requiring local governments to issue reports on revenue sharing plans and expenditures to the Spanish language media. (PS)

Revenue Sharing and the Spanish Speaking

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Cabinet Committee on Opportunities for Spanish Speaking People

The Cabinet Committee on Opportunities for Spanish Speaking People was established by the 91st Congress and directed to:

Advise Federal departments and agencies regarding appropriate action to be taken to help assure that Federal programs are providing the assistance needed by Spanish speaking and Spanish surnamed Americans; and

Advise Federal departments and agencies on the development and implementation of comprehensive and coordinated policies, plans and programs focusing on the special problems and needs of the Spanish speaking and Spanish surnamed Americans, and on priorities thereunder.

The text of this publication, "Revenue Sharing and the Spanish Speaking," was prepared by the staff of the Cabinet Committee.

Reynaldo P. Maduro
Executive Director

E. B. Duarte
Director, Public Affairs and Information

Revenue Sharing and the Spanish Speaking

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Cabinet Committee on Opportunities for
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1707 H Street N.W.
Washington, D.C. 20506

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"People today want to have a real say in the way their communities are run. They want to feel that . . . they can play a significant role in shaping the kind of world their children will inherit."

President Richard M. Nixon
Nationwide radio address on
revenue sharing, March 3, 1973

For the nation's 12 million Spanish speaking people, the words spoken by President Nixon represent a realistic hope that America's second largest minority will participate directly in general revenue sharing and begin solving their pressing, unique problems at the grassroots level.

General revenue sharing is part of the Administration's new federalism approach to return government where it belongs—to the people. Simply stated, it means that the federal government will spend over $30 billion, collected as federal income taxes, over the next five years. Those funds will go back to the states and communities where the people need the services.

Like other Americans, the Spanish speaking are interested in better, not bigger, government. They want their local governments to respond. They want to be heard and given the opportunity to devise solutions to the problems they know best, the problems they have to live with everyday. In the vital area of general revenue sharing, the Spanish speaking want a fair proportion of those funds spent on their deeply-rooted economic problems of unemployment and poverty.

It cannot be emphasized too greatly that the final determination as to how revenue sharing funds are to be spent rests with the recipient government. In establishing the priority expenditure categories, Congress had in mind priority items in terms of national objectives. But it was intended that the local governments make the decisions on the actual use.

There is ample room for the utilization of these resources by the Spanish speaking. But to participate effectively in the disbursement of general revenue sharing funds, the Spanish speaking must first understand the law. They must especially understand its redress and anti-discrimination provisions. The Spanish speaking must also approach their local and state government officials and insist that revenue sharing funds be used to uplift the living standards in their communities and barrios. In short, the Spanish speaking must accept this responsibility of local involvement if they desire to help their people in a meaningful, lasting way.

To create more awareness, the Cabinet Committee on Opportunities for Spanish Speaking People was instrumental in the adoption of a regulation aiding the Spanish speaking. That regulation requires local governments to issue reports concerning revenue sharing plans and expenditures to the Spanish language media.

While general revenue sharing has become law, special revenue sharing programs are presently being proposed by the Administration and Congress. If the effects of these proposals are studied by local Spanish speaking citizens and organizations, the Spanish speaking will be able to submit recommendations on how those funds should be spent by the appropriate local agencies responsible for their implementation.

Why Revenue Sharing?

1. It provides more provisions or public services than have formerly been supplied by the normal exhausted revenue sources.

2. It provides more flexibility in the distribution of federal funds.

3. It puts local governments in a better position than the federal government, in many cases, to design and implement responsive, effective programs which meet the local priorities.

4. It moves money and power closer to the people.

Utilization Of General Revenue Sharing Funds

Revenue sharing funds belong to your community. They represent a thoughtful, serious effort to put the money where it does the most good—at the local level.

Control of funds works at the community level. It has been proven. Community action agencies encompassing the country are a testimony that local people, entrusted with responsibility, can and do make constructive decisions about how to deal with poverty in their own communities.

As President Nixon stated in his March 3 nationwide radio address, "Revenue sharing money can be used to put more policemen on the beat, to build new schools, to lower property taxes or for whatever other purpose you and your local leaders think best."

State government funds are not limited, but local government funds were set up to be used in the following areas:

(1) Ordinary and necessary maintenance and operating expenses for:

A. **Public Safety.** Police and fire protection and building code enforcement fall under this category.
B. **Environmental Protection.** This includes sewage disposal and sanitation and pollution abatement.
C. **Public Transportation,** which embodies transit systems, streets, and roads.
D. **Health**
E. **Recreation**
F. **Libraries**
G. **Social Services** for the poor or aged.
H. **Financial Administration**

(2) Ordinary and necessary capital expenditures authorized by law. These are the priority expenditures. They are general, yet specific enough to direct the funds into projects and programs to benefit communities.

For example, if a Spanish speaking community feels that their health needs are neglected, they may determine health a high priority in their community. They could ask their local officials that general revenue sharing funds be set aside for a health program for their community.

Matching Funds

Although the money from these funds is to be used for those expenditures the community determines are most vital, no revenue sharing funds can be used as matching funds for any federal program, either on the state or local level.

For instance, a community may need to construct a new sewage disposal system, or another listed priority expenditure costing $40,000. Through local tax levys, the community can raise $30,000. Revenue sharing funds may then be used to supplement the remaining $10,000. If, however, the $30,000 had come from federal monies, revenue sharing funds could not be used to match that appropriation.

Distribution Of General Revenue Sharing Funds

The President's signature on the General Revenue Sharing bill triggered the distribution of $30.2 billion to state and local governments over the next five years. As a result, 40,000 communities and states throughout the country have been receiving checks totaling $2.65 billion from January to July, 1973. The first year's total of $5.4 billion will be increased yearly until 1976.

Each state government will receive one-third of the amount allocated to its state. The remaining two-thirds is divided by county.

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A second five-factor formula is used to aid those states with large urban populations and those states which rely upon an income tax to generate revenue. The two additional factors considered under this formula are (1) urbanized population and (2) income tax effort. States such as New York, California, and the District of Columbia, receive larger entitlements under this formula than they would under the three-factor formula.

The county share is then divided into three parts: (1) the county government, (2) the municipal governments as a group, and (3) the townships as a group, according to the taxes each collect. (The accompanying chart illustrates the point more fully.)

The monies will be distributed according to formulas based on three factors: (1) population, (2) general tax effort and (3) relative income of residents.

The formula stresses the following elements:

1. It relies heavily on adjusted tax and per capita income. Adjusted tax refers to the money remaining after education taxes have been removed. A greater allocation of funds could result from a high adjusted tax effort, or a low per capita income.
2. When persuading county governments to use funds for community needs, it is important to stress low per capita in figures *in relation to adjusted tax figures,* as the formula is set up to benefit the poorer areas.
3. The Census Bureau survey should be accurate in order to obtain the fullest benefits. Revenue sharing funds will be based on such data.

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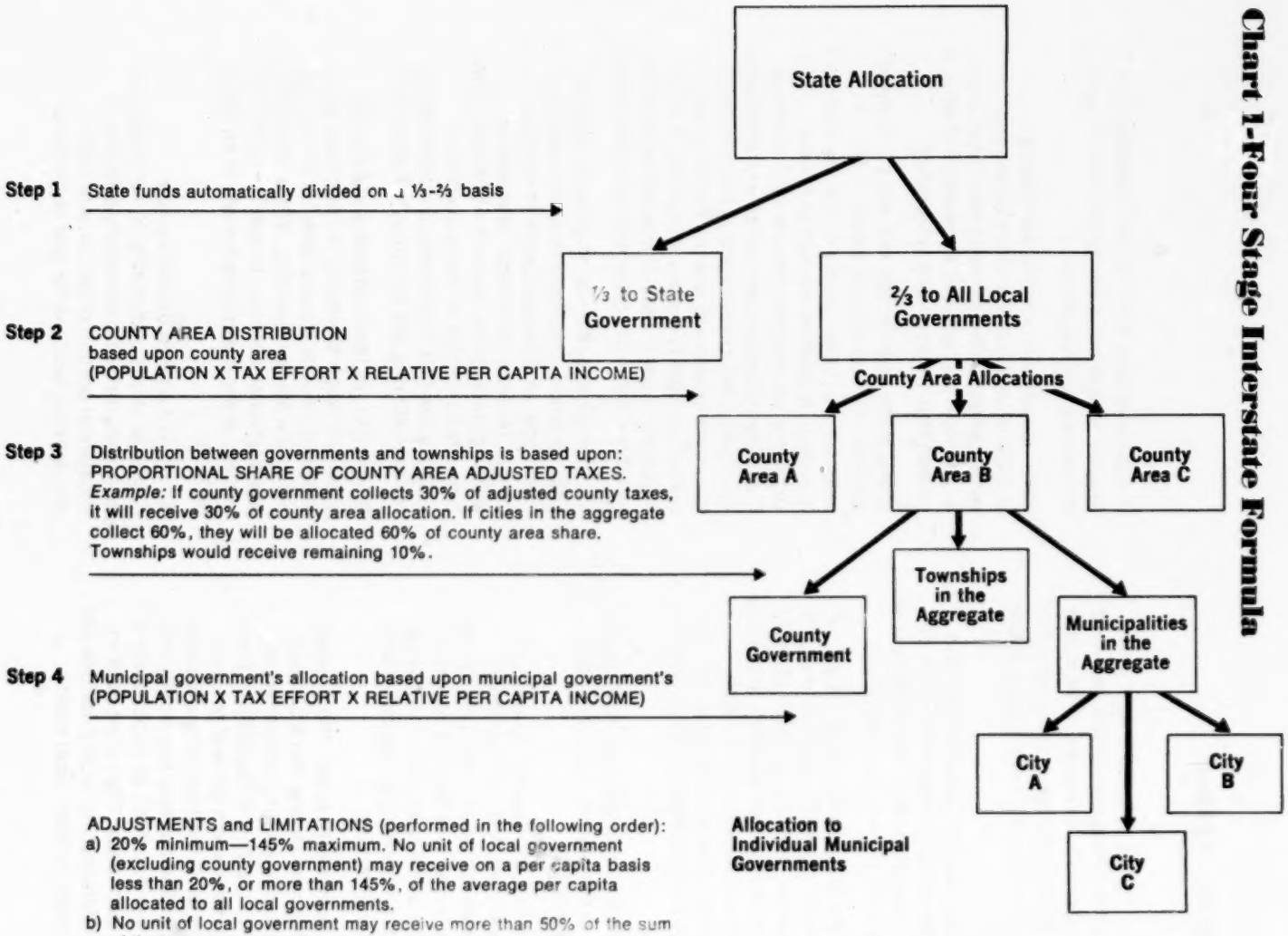
Chart 1-Four Stage Interstate Formula


State Allocation
Step 1 State funds automatically divided on a ⅓-⅔ basis
⅓ to State Government
⅔ to All Local Governments
Step 2 COUNTY AREA DISTRIBUTION based upon county area (POPULATION X TAX EFFORT X RELATIVE PER CAPITA INCOME)
County Area Allocations
County Area A
County Area B
County Area C
Step 3 Distribution between governments and townships is based upon: PROPORTIONAL SHARE OF COUNTY AREA ADJUSTED TAXES. Example: If county government collects 30% of adjusted county taxes, it will receive 30% of county area allocation. If cities in the aggregate collect 60%, they will be allocated 60% of county area share. Townships would receive remaining 10%.
County Government
Townships in the Aggregate
Municipalities in the Aggregate
Step 4 Municipal government's allocation based upon municipal government's (POPULATION X TAX EFFORT X RELATIVE PER CAPITA INCOME)
City A
City B
City C
Allocation to Individual Municipal Governments

ADJUSTMENTS and LIMITATIONS (performed in the following order):

a) 20% minimum—145% maximum. No unit of local government (excluding county government) may receive on a per capita basis less than 20%, or more than 145%, of the average per capita allocated to all local governments.

b) No unit of local government may receive more than 50% of the sum of that government's adjusted taxes and intergovernmental transfer of the preceding fiscal year. Excess funds are redistributed to the county government, or in the case of excess county funds, are redistributed to the state government.

c) If any local government's allocation is less than $200, the funds are reallocated to the county government, or in the case of a county government, funds are reallocated to the state.

Source: National League of Cities, U.S. Conference of Mayors, Revenue Sharing Analysis and Report

Community Action

"Good people cannot do good things with bad mechanisms," President Nixon declared in a recent message to Congress. "The major cause of the ineffectiveness of government is not a matter of money, it's principally a matter of machinery."

The "machinery" is being overhauled, and the General Revenue Sharing Act is part of that process—the process of returning money to the people to be used in their localities.

This act has the potential to boost the way of life in the Spanish speaking communities. To succeed, however, individuals and individual communities need to work together and make themselves heard. In this way Spanish speaking communities can be given an opportunity to find solutions to their local problems.

To accomplish this, the rules and regulations, which follow in this report, must be understood and adhered to.

It is important that the Spanish speaking be informed. They must find out how much money has been allocated, what plans have been made to use it, and how the planning process will be publicized. They must know what effects the revenue sharing dollar will have on their community.

For effective community action, the Spanish speaking Americans should call for public hearings of revenue sharing expenditures before the local drafting of legislation. Find out locally the time when general revenue sharing legislation is drafted. This will allow local citizens to find out how the money will be spent and provide them an opportunity to present their own ideas. They must seek to have a role in determining local priorities and developing a plan for their local needs.

Press for details. Find out the specifics of all reports submitted to the government on use of revenue sharing funds.

Seek out officials who will be making decisions on the use of the monies, and establish good relationships with them. Have a complete and detailed knowledge of who is responsible for spending what funds.

Find out the specific use that will be made of general revenue sharing funds. If, for example, your city, county or town is spending less than its entitled amount of capital expenditures, monitor the projects to insure that minority businesses and potential minority employees are encouraged to participate. If the governments will use the funds to reduce taxes, community groups should ask if such action will benefit their communities as much as others within the government's boundaries.

Monitor the specific use of general revenue sharing funds. The National Urban Coalition has prepared a list and guide to monitor shared revenue for groups interested in keeping track of the use of these funds. (This listing is contained in the appendix). It emphasizes that all information gathered on revenue sharing will be through a local effort.

Remember, as local citizens you have the power, through elections, to hold local government officials accountable for all aspects of federal money spending. When monitoring, pay particular attention to determine that all sectors of the community benefit in an equal fashion.

Be vigilant against discriminatory practices in any community. If, for instance, a local government successfully allocates a substantial portion of its funds to build recreational facilities for one of its more

affluent communities and neglects its poor communities, a question of compliance is clearly raised (Section 51.32 (b) (3).

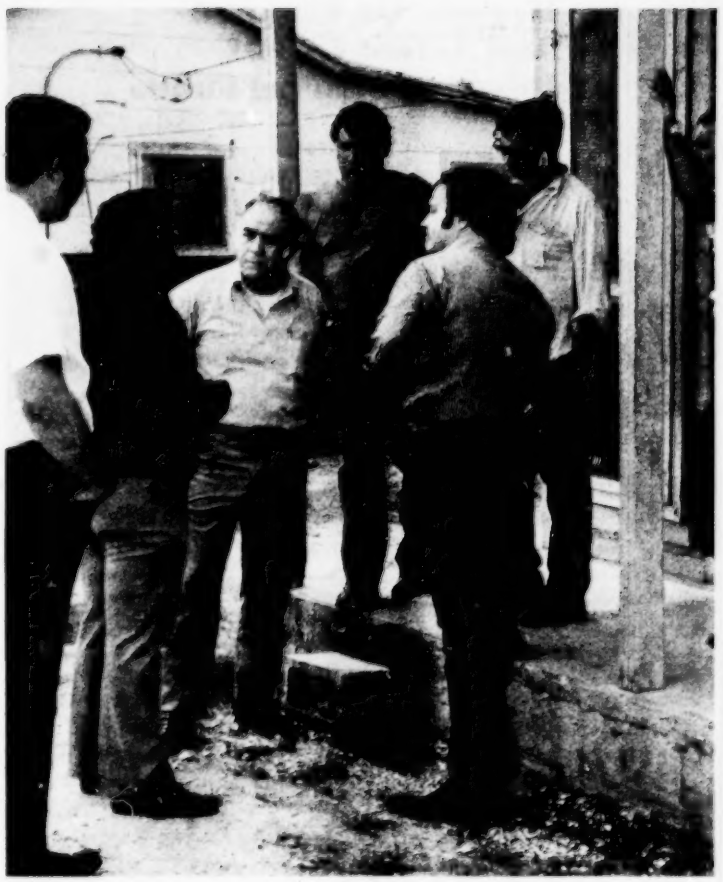
Be aware also of the practices of any funded department receiving funds that has a small number of Spanish speaking employees as compared disproportionately with the local Spanish speaking population.

As well as monitoring federal civil rights provisions, take a close look at local civil rights provisions and enforcement procedures to assure discrimination prohibition.

Effective monitoring, documentation, discussion, and public exposure of the shortcomings of revenue sharing utilization, will help to determine how local governments are moved to help their communities, particularly those who need it most.

Spanish surnamed Americans will need the strong support from their communities to meet their priority needs. They must agree with their representative groups as to what issues are significant and they must work out common objectives.

The local group or coalition of groups which demonstrates the Spanish speaking needs persuasively can compel government officials at the local or regional level to meet those needs.



Planned Use And Actual Use Reports

State and local governments are to submit planned and actual use reports to the Secretary of the Treasury. They must then submit them to the minority and bilingual news media in the area for publication. These reports along with supporting information are also to be made available for public inspection at a specified location during normal business hours.

Reports On Planned And Actual Use Of Revenue Sharing Funds

Reports must be submitted to the Secretary of the Treasury, both before and after funds are received.

When a need for funds is established, a state or locality must file a *Planned Use Report* in order to receive the needed money. The report will spell out the specific amounts and purposes for which the funds will be used. These reports are not binding. They may be changed if community members see a better use for the funds and exert their influence.

Each year, the recipient government must also submit an *Actual Use Report,* outlining the amounts and purposes of expenditures made, as well as any money transferred from trust funds.

Report Deadlines

Funds are disbursed in time periods referred to as entitlement periods. Reports mailed to the Secretary of the Treasury for the third entitlement period, Jan. 1 to June 30, 1973, were mailed April 17, 1973. Reports for the fourth entitlement period, July 1, 1973 to June 30, 1974 are to be mailed in mid-July.

The reports, both planned and actual, will be submitted to local newspapers for publication. Minority and bilingual newspapers will also be advised of their publication to ensure that general circulation is achieved.

Submittal of these reports to the local media is ensured by a regulation initiated by the Cabinet Committee on Opportunities for Spanish Speaking People, found in Section 51.13 (b) of the General Revenue Sharing Act.

Public Inspection of Reports

Reports, as well as supporting information and other submitted data, must be made available to the public. This guideline follows a regulation of the General Revenue Sharing Act. The regulation states: "Such detailed information is to be made available for public inspection at a specified location during normal business hours."

Assurances To The Secretary Of The Treasury

Certain assurances must be submitted to the Secretary of the Treasury certifying that legal requirements will be met. Localities must also submit these assurances to their state governor.

The legal requirements are:

1. After review and comment, the funds will be deposited into a trust fund. (This will be two years from the close of the entitlement period in which the funds were allocated.)

2. Expenditures will be made in accordance with state and local laws and procedures.

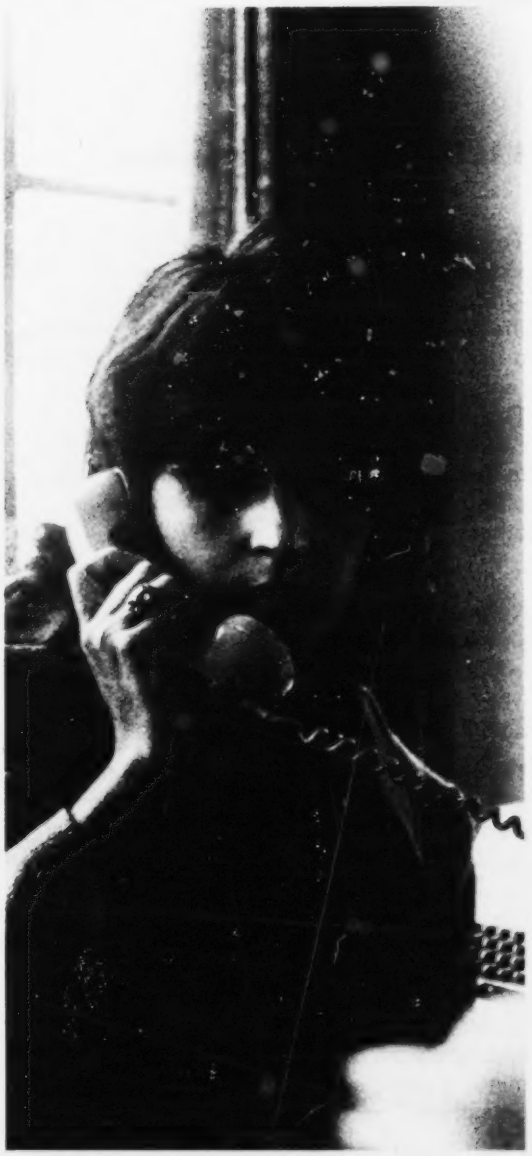
3. Fiscal, accounting and audit procedures will follow Treasury Department guidelines.

4. The Secretary of the Treasury and Comptroller General shall have access to relevant books and records.

5. Annual and interim reports required by the Secretary shall be made.

6. If 25 percent or more of the cost of a construction project is funded with revenue sharing funds, then the laborers and mechanics working on the project must be paid in accordance with the wage rates established by the Secretary of Labor under the Davis-Bacon Act.

7. Persons employed in jobs financed in whole or part out of revenue sharing funds, are to be paid wages not lower than the prevailing rates of pay in similar occupations for persons employed by that government. Twenty-five percent or more of the aggregate wages paid to all employees in that job category must be paid with revenue sharing funds for the wage requirement provision of the Act to apply.



Civil Rights Provisions

To assure that no community or individual is excluded from the benefits of revenue sharing funds, a civil rights provision is included in the General Revenue Sharing Act. It prohibits direct acts of discrimination on the grounds of race, color, national origin, or sex.
The provision guarantees that no one is denied services or benefits, or that services to minority groups are not provided in a form different from those services provided to others.

No one is to be subject to segregation or separate treatment in any facility or process in the receipt of funds. Nor can they in any way be restricted from the enjoyment of the benefits of these funds.

The regulation is precise in assuring that no individual is to be treated differently from another in determining his eligibility, requirements, or conditions to be met for any service provided. He also may not be denied the opportunity to participate in the program as an employee.

Governments receiving funds are similarly enjoined from practices which would prevent minority groups from accomplishing needed objectives.

They cannot exclude individuals by location or site selection. Recipient governments may, in fact, move the location to overcome a prior discriminatory practice or usage.

Statements must be issued to the Secretary of the Treasury assuring that programs funded in whole or in part with entitlement funds were in compliance with the Civil Rights provisions. They must be issued by each state governor or chief executive officer or every unit or local government.

To file a complaint of discrimination, the injured person, or a representative, may file a written report with the Secretary of the Treasury. The report will describe the nature of the discrimination, and the facts upon which the allegation is based. The Secretary will advise the recipient government of the complaint. A prompt investigation will be made with the assistance of the complainants and the recipient governments. It is also assured that no one will be threatened, coerced, or discriminated against by any person or group of people because of testimony or participation in any investigation.

The full context of the Civil Rights provisions appears in the appendix.

Once it has been determined that a local government has failed to comply with the discrimination regulations, the Secretary of the Treasury is to notify the state governor or local officials. He is to inform the officials that they are in violation and request that they comply with the regulations.

If the local authorities refuse, the Secretary may refer the matter to the Attorney General or take action as provided by the Civil Rights Act of 1964. (Title VI)

The Attorney General may bring civil action in any appropr[illegible] United States district court for any legitimat[illegible]elief, including injunctive relief.

If Spanish speaking Americans are to fully ben[illegible]it under general revenue sharing, they m[illegible]ke the initiative to gain a voice in local civic affairs. As President Nixon has aptly stated: "People today want to have a real say in the way their communities are run. They want to feel that they can play a significant role in shaping the kind of world their children will inherit."

At stake for Spanish speaking Americans, as they determine how best to participate effectively in local and regional affairs, is the kinds of world they want for themselves and for their children.

Restrictions

State and local governments are prohibited from using general revenue sharing funds to match federal appropriations, either directly or indirectly. However, these funds may be used to supplement projects that taxes would otherwise pay for or to fund programs now financed with locally raised revenue.

Appendix

Civil Rights Provisions

To assure accuracy in understanding the Civil Rights provisions, they are provided here in full. They are quoted as they appear in the final rules and regulations.

51.32 Discrimination.

(a) **Discrimination prohibited.** No person in the United States shall, on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with entitlement funds made available pursuant to subtitle A of title I of the Act. For purposes of this section "program or activity" is defined as any function conducted by an identifiable administrative unit of the recipient government, or by any unit of government or private contractor receiving entitlement funds from the recipient government. "Funded in whole or in part with entitlement funds" means that entitlement funds in any amount have been transferred from the recipient government's trust fund to an identifiable administrative unit and disbursed in a program or activity.

(b) **Specific discriminatory actions prohibited.** (1) A recipient government may not, under any program or activity to which the regulations of this section may apply, directly or through contractual or other arrangement, on the grounds of race, color, national origin, or sex:

(i) Deny any service or other benefit provided under the program or activity.

(ii) Provide any service or other benefit which is different, or is provided in a different form from that provided to others under the program or activity.

(iii) Subject to segregated or separate treatment in any facility in, or in any matter or process related to receipt of any service or benefit under the program or activity.

(iv) Restrict in any way the enjoyment of any advantage or privilege enjoyed by others receiving any service or benefit under the program or activity.

(v) Treat an individual differently from others in determining whether he satisfies any admission, enrollment, eligibility, membership, or other requirement or condition which individuals must meet in order to be provided any service or other benefit provided under the program or activity.

(vi) Deny an opportunity to participate in a program or activity as an employee.

(2) A recipient government may not utilize criteria or methods of administration which have the effect of subjecting individuals to discrimination on the basis of race, color, national origin, or sex, or have the effect of defeating or substantially impairing accomplishment of the objectives of the program or activity with respect to individuals of a particular race, color, national origin, or sex.

(3) A recipient government in determining the site or location of facilities may not make selections of such site or location which have the effect of excluding individuals from, denying them the benefits of, or subjecting them to discrimination on the grounds of race, color, national origin, or sex from the benefits of an activity or program; or which have the purpose or effect of defeating or substantially impairing the accomplishment of the objectives of the Act of this section.

(4) A recipient government shall not be prohibited by this section from taking any action to ameliorate an imbalance in services or facilities provided to any geographic area or specific group of persons within its jurisdiction, where the purpose of such action is to overcome prior discriminatory practice or usage.

(5) Notwithstanding anything to the contrary in this section, nothing contained herein shall be construed to prohibit any recipient government from maintaining or constructing separate living

facilities or rest room facilities for the different sexes. Furthermore, selectivity on the basis of sex is not prohibited when institutional or custodial services can properly be performed only by a member of the same sex as the recipients of the services.

(c) **Assurances required.** Pursuant to 51.10 (b), each Governor of a State or chief executive officer of a unit of local government shall include, in the assurance to the Secretary required by that section, a statement that all programs and activities funded in whole or in part by entitlement funds will be conducted in compliance with the requirements of this section. Such assurances shall be in a form prescribed by the Secretary.

(d) **Complaints and investigations.** Any person who believes himself, or any specific class of persons who believe themselves, to be subject to discrimination prohibited by this section, may by himself or by a representative file with the Secretary a written report setting forth the nature of the discrimination alleged and the facts upon which the allegation is based. The Secretary shall advise the chief executive officer of the recipient government of the receipt of such report. If the Secretary has reason to believe that the report shows a recipient government has failed to comply with the provisions of this part, he will cause a prompt investigation to be made with respect to the facts and circumstances alleged in the report and with respect to the program or activity concerned. Such investigation may be made, if necessary, with the assistance of complaints of the recipient government. No representative of a recipient government nor of its agencies shall intimidate, threaten, coerce, or discriminate against any person or class of persons because of testimony, assistance, or participation in any investigation, proceeding, or hearing under this section.

General Revenue Sharing Utilization

States can use revenue sharing funds for any legal expenditure. But local government's funds must be used within the following areas:

1) Ordinary and necessary maintenance and operating expenses for:
   a) public safety
   b) environmental protection
   c) Health
   d) recreation
   e) libraries
   f) social services for the poor and aged
   g) financial administration
2) Ordinary and necessary capital expenditures authorized by law.

Publicity On Use Of Revenue Sharing Funds

For the Spanish speaking people to become involved in revenue sharing, it is important that they know how the funds will be used. It was for this reason that the Cabinet Committee on Opportunities for Spanish Speaking People recognized the necessity of having these reports published. The Committee proposed a regulation which was adopted by the Department of the Treasury under Section 51.13 of the General Revenue Sharing Act. The regulation is as follows:

(b) **Publicity**—EACH RECIPIENT GOVERNMENT, AT THE SAME TIME AS REQUIRED FOR PUBLICATION OF REPORTS UNDER PARAGRAPH (a) OF THIS SECTION, SHALL ADVISE THE NEWS MEDIA, *INCLUDING MINORITY AND BILINGUAL NEWS MEDIA,* WITHIN ITS GEOGRAPHIC AREA OF THE PUBLICATION OF ITS REPORTS MADE PURSUANT TO PARAGRAPH (a) OF THIS SECTION, AND SHALL PROVIDE COPIES OF SUCH REPORTS TO THE NEWS MEDIA ON REQUEST.

Formula Factors

The following formula factors detail the distribution of revenue sharing funds. For those with mathematic capabilities, it describes the process by which the funds are disbursed to individual localities.

In following the formula, several variables should be kept in mind.

1. It relies heavily on adjusted tax (taxes remaining after educational expenditures have been removed) and per capita income figures.

2. The formula is set up to benefit the poorer localities as determined by per capita income figures. These figures are important as related to adjusted tax figures.

3. Revenue sharing funds are distributed according to information based on 1970 Census Bureau and Internal Revenue Service data. To obtain the fullest benefits, it is important that this data is accurate.

How Allocations Are Made To County Areas

State Allocation
ex: entitlement totals $12,000,000

⅓ to state government
$4,000,000

⅔ to all county areas (local government)
$8,000,000

A) Distributed among county areas according to proportion of each county area's *population* multiplied by a *general tax effort factor* multiplied by a *relative per capita income factor.*

Ex: Washington County Area

1) population of county area = 50,000 (multiplied by)
2) general tax effort of county area (total adjusted taxes of all jurisdictions within county area divided by total income of all residents within all jurisdictions of county area; or total adjusted county area taxes of $4,000,000 divided by total county area income of $4,000,000) = .010 (multiplied by)
3) relative per capita income factor of county area (per capita income for all residents of state divided by per capita income of all residents of county area; or state per capita income of $2,500 divided by county area per capita income of ($2,800) = .892

50,000 x fl010 x .892 = 446.0 (population x general tax effort relative per capita income)

B) Add 446.0 to sum of products of other county areas within the State—
Ex: Total sum of products of all county areas in 10,000.0

C) Divide 446.0 by 10,000.0 —446.0 ÷ 10,000 = 4.46 percent

D) Multiply 4.46 percent by $8,000,000 allocated to local governments .0446 x 8,000,000 = $356,800

County Area No. 1 received $356,800

How Allocations Are Made To Local Governments Within A County Area

A) Distributed between county governments and all municipalities within the county area as a class

B) Determine the county governments adjusted taxes as a ratio of total adjusted taxes of all governments within the county area.

1) Total adjusted taxes of county government ($1,000,000) divided by

2) Total adjusted taxes of all governments within county area $4,000,000)

$1,000,000 ÷ $4,000,000 = .25

County government share
.25 x $356,800 = $89,200
allocated to county government

Remainder of allocation divided between aggregate of municipal governments and aggregate of township governments, based upon proportionate share of adjusted taxes raised by each group. $356,800 — 89,200 = $267,600. $267,600 allocated for distribution to all municipalities and townships.

$267,600 allocated for distribution to municipalities

townships
(none)

City I	City II
C) 1) **population** = 20,000 x	1) **population** = 15,000 x
2) **general tax effort,** i.e., total taxes of City I divided by total income of City I's residents ($1,000,000 in City I taxes—by $100,000,000 in total income of City's I's residents = .010) x	2) **general tax effort,** i.e., total taxes of City II divided by total income of City II's residents ($750,000 in City II taxes — by $50,000,000 .015) x
3) **relative per capita income** of City 1 (county area per capita income divided by City I's per capita income [$2,800 divided by $3,000] = .93)	3) **relative per capita income** of City II (county area per capita income divided by City II's per capita income [$2,800 divided by $2,000] = 1.40)
4) **population** of 20,000 x **tax effort factor** of .010 x **relative per capita income factor** of .93 = product of 186	4) **population** of 15,000 x **tax effort factor** of 0.15 x **relative per capita income factor** of 1.40 **product** of 315

Total the **products** of all municipalities (186 + 315) = 501

Divide each individual **municipality** by the **sum** of the **products**

City I	City II
186 — 501 = .371 or 38.1% ratio	315 — 501 = .629 or 62.9% ratio

Multiply total allocation to all municipalities within county area by the **percentage** of the **ratio** of each municipality

City I	City II
317.1% x $267,600	62.9% x $267,600
City I receives $99,280	City II receives $168,320

Source: Office of Revenue Sharing Department of the Treasury.

Monitoring Funds

To more efficiently monitor the specific use of revenue sharing funds, the National Urban Coalition has prepared a list to assist local communities in keeping track of expenditures. It is important to note that all information gathered on revenue sharing will be through local efforts. The established guidelines follow:

A Preliminary Checklist of Information Needed for the Monitoring and Evaluation of these Funds

I. **General Revenue Sharing (GRS) Allocations**
   A. Amount of money allocated directly to cities and/or other localities.
   B. Additional funds diverted to cities and/or other localities by the States from the States' share of GRS.

II. **Other Allocations related to the use and impact of GRS Funds**
   A. Allocations for Social Services (Amendment of Title XI of Social Security Act).
      1. Amount received by city and/or other localities.
      2. Amount by which this year's allocations exceeded or was less than last year's funds for social services.
      3. Did this year's allocations for social services meet the minimum need for such services?
   B. Federal Categorical Programs
      1. Were there any federal categorical program grants eliminated or cut this year?
         a. How much was the reduction?
         b. In which general areas?
      2. Are any federal categorical program grants scheduled for elimination or reduction?
         a. How much will the reduction be?
         b. In which general areas?

III. **Local Expenditures from GRS Funds**
   A. Use of Funds
      1. Announced plans for the use of GRS funds.
      2. Actual use of GRS funds.
      3. Extent to which actual use matched announced planned use of GRS funds.
   B. Types of Expenditures
      1. Amount spent on capital expenditures.
         a. Location of construction.
         b. Accessibility to locations by various constituencies.
      2. Amount spent on recurring, operational expenditures.
   C. Program areas and projects on which GRS funds spent.
      1. Eg., police, social services, fire stations, etc.
      2. Specific amounts spent.
   D. Non-GRS local expenditures *potentially related* to GRS expenditures.
      1. Were there or will there be any sizeable increases in local expenditures in areas not considered priority for the allocation of GRS funds, eg. education?
         a. What areas or projects?
         b. How much was the increase?
      2. How were these increased expenditures financed?
      3. Were there any priority areas that received GRS funds but did not reveal any real increased level of effort, activity or performance?

IV. **Priority-Setting Process for Use of GRS Funds**

A. Have GRS funds already been budgeted and spent?

1. How were priorities, if any, established?
2. If GRS funds have not yet been budged or spent, at what stage is the priority-setting process for the use of these funds?
3. Is the priority-seeting process being publicized?

B. Community Involvement

1. Extent of community involvement.
   a. At invitation of local government or as result of community pressure.
2. Community groups most interested and involved.
3. Process of community involvement.
   a. Public hearings.
   b. Testimony in City Council meetings.
   c. Other.

C. Within Local Government

1. Extent of debate and deliberation.
2. Time involved in setting priorities.
3. Department or individuals responsible for coordinating priorities with local governments.

D. Role of the Media

1. Attention paid to local government reports on the planned and actual use of GRS Funds.
2. Degree of encouragement of public debate by the media.
3. Editorial policies.

V. **Equal Opportunity and Civil Rights Provisions**

A. Equal Employment Opportunities

1. Minorities and women.
2. Capital Expenditures.

B. Capitol Expenditures

1. Utilization of minority contractors and workers.

VI. **Local Taxation Effort and General Revenue Sharing Funds**

A. Any reduction of local tax effort as result of GRS?

1. Specific taxes.

B. Elimination of planned increases in local tax effort as result of GRS?

1. Specific taxes.

C. Primary benficiaries of reduced local tax efforts.

D. Any efforts by State legislatures to alter tax effort factor in GRS formula allocating funds to localities?

VII. **Assessment of Impact and Effectiveness of GRS Funds**

A. Beneficiaries

1. What constituencies benefited most from program and capital expenditures?
2. What constituencies benefited least from program and capital expenditures?
3. Specific benefits to poor, near poor and minorities from major categories and expenditures.
   a. Comparison with other constituencies . . . eg., if additional policemen were hired, were they hired for inner city or fringe suburban areas?

B. Program Effectiveness

1. Extent of quantitative and qualitative improvements in programs receiving GRS money.

D. Evaluation of GRS expenditures
   1. By local government.
      a. Mechanisms and personnel involved.
   2. By private community groups.
   3. Any public process.
      a. Public hearings, media publicity, etc.

VIII. **City (and/or Other Localities') Needs and Priorities**

A. Community Assessment of city needs and priorities.
   1. City needs analyses or city *Counter-budgets*.
      a. Planned or under way-by what groups?
      b. Analyses of city budget processes —relationship to setting of priorities in use of GRS funds.

B. Comparison of Existing Budget Priorities with City Priorities determined by Community Groups.
   1. Do GRS funds reinforce existing priorities?
   2. Are GRS funds enabling local government to begin to move into new priority areas?
   3. Can GRS funds be better used to meet community-determined needs and priorities?

C. Local Budget-Setting Processes.
   1. Extent of community participation.

Arguments vs. Categorical Grants

1. The fiscal burden is placed on states and localities under federal grant matching requirements.
2. Narrow categorical definitions limit the flexibility of state and local governments to meet local needs.
3. The effectiveness of grant programs is severely reduced by the cumbersome procedures and red tape of grant programs.
4. Program delays and uncertainty are caused by detailed and costly application requirements.
5. Grants put unnecessary limitations on the authority and responsibilities of governors, mayors, county executives and city managers.
6. Categorical grants create duplication and competition between state and local governments.
7. Rigid funding and organizational arrangements are often unable to adjust to changes in priorities over time.
8. Grants increase the already large demands on the federal budget.

Suggested References

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4. *Revenue Sharing: Information and Implications,* pamphlet published by Inter America Research Associates, Washington, D.C.

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